

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALABAMA
Southern Division

002472-3 AL 0-10
U.S. BANKRUPTCY COURT
DISTRICT OF ALABAMA

In re:

SHOOK & FLETCHER INSULATION CO.

Debtor-in-Possession

Case No. **02-02771**
Chapter 11

**APPLICATION FOR AUTHORITY TO EMPLOY LANGE, SIMPSON, ROBINSON
AND SOMERVILLE LLP AS LOCAL BANKRUPTCY
COUNSEL FOR THE DEBTOR AND DEBTOR-IN-POSSESSION**

Shook & Fletcher Insulation Co., the debtor and debtor-in-possession ("Shook" or the "Debtor"), hereby requests authority to employ Lange, Simpson, Robinson and Somerville, LLP as local bankruptcy counsel pursuant to 11 U.S.C. § 327(a), and in support thereof respectfully represents:

JURISDICTION AND VENUE

1. This Court has jurisdiction over this Application pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding within the meaning of 28 U.S.C. §157(b). Venue of this proceeding and this Application is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409.

2. The statutory basis for the relief requested herein is 11 U.S.C. § 327(a).

BACKGROUND

3. On April 8, 2002 (the "Petition Date"), the Debtor filed its voluntary petition for relief under Chapter 11 of Title 11 of the United States Code (the "Bankruptcy Code"). The Debtor continues to operate its business and manage its properties as debtor-in-possession pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code.

13

4. The Debtor incorporates by reference as if fully set forth herein the Declaration of Wayne W. Killion, Jr. in Support of Voluntary Petition and First Day Motions filed with this Court on the Petition Date.

RELIEF REQUESTED

5. By this Application, the Debtor seeks authority to employ the law firm of Lange, Simpson, Robinson and Somerville, LLP ("Lange, Simpson") as its bankruptcy counsel to represent it in connection with this case. The Debtor has selected Lange, Simpson because the firm has considerable experience in complex Chapter 11 bankruptcy cases and because Lange, Simpson has been intimately involved in reviewing the Debtor's prepackaged Plan of Reorganization (the "Plan") and the pre-petition solicitation of acceptances. Lange, Simpson has agreed to represent the Debtor on the terms set forth in this Application and in its Engagement Letter.¹

6. The professional services the Debtor has asked Lange, Simpson to render as local counsel include the following:

- a. to provide legal advice with respect to Shook's powers and duties in the operation of its business and management of its properties pursuant to the Bankruptcy Code;
- b. to prepare and file on behalf of Shook all applications, motions, responses, objections and other pleadings as may be necessary and as Shook authorizes;

¹ Lange, Simpson's Engagement Letter is attached as an Exhibit to the Declaration of Richard P. Carmody in Support of Application for Authority to Employ Lange, Simpson, Robinson and Somerville, LLP as local Bankruptcy Counsel for the Debtor and Debtor-in-Possession (the "Carmody Declaration"), which is being filed with this Application.

- c. to prepare and file the necessary pleadings and seek confirmation of Shook's Plan of Reorganization;
- d. to provide such other bankruptcy and restructuring advice and representation, as Shook requests;
- e. to appear on behalf of and represent Shook at hearings, meetings of creditors and other meetings and proceedings, as appropriate;
- f. to represent and advise Shook with respect to any adversary proceeding, lawsuit or other proceeding in which it may be a party or otherwise become involved; and
- g. to perform all other legal services as may be necessary and appropriate in connection with this Chapter 11 Case and the confirmation and implementation of Shook's Plan of Reorganization.

7. The Debtor believes it is necessary to employ experienced bankruptcy counsel for such professional services. The Debtor desires to employ Lange, Simpson under a general retainer because of the legal services required.

8. Lange, Simpson was employed by the Debtor in January 2001 and provided services to the Debtor prior to the Petition Date, for which the Debtor has paid Lange, Simpson in full. The Debtor has also provided Lange, Simpson an advance retainer (the "Retainer"), which Lange, Simpson has agreed to apply to its fees and reimbursement of expenses as approved by the Court. The Debtor has agreed that Lange, Simpson may apply the Retainer against fees for services rendered and reimbursement of expenses incurred on its behalf prior to the Court's allowance of such fees and expenses, subject to the Court's approval. The Debtor has agreed that if the legal fees, costs and charges of these bankruptcy services exceed the initial

retainer, it will pay the normal hourly rate charged to bankruptcy clients of the firm for legal services, and reimburse for costs and charges, subject to the approval of this Court.

9. Except as stated in the accompanying Carmody Declaration, which is being filed with this Application, to the best of the Debtor's knowledge, Lange, Simpson has no connection with the Debtor, its creditors or any other party-in-interest or their respective attorneys and accountants, or with the Bankruptcy Administrator for this District, and is a disinterested party as that term is defined in section §101(14) of the Bankruptcy Code. Lange, Simpson has included in the Carmody Declaration the disclosures of compensation required by § 329(a) of the Bankruptcy Code and Bankruptcy Rule 2016(b), which sets forth compensation received by Lange, Simpson to date and attorney hourly rates.

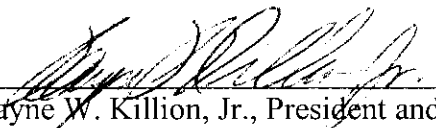
10. To the best of the Debtor's knowledge, Lange, Simpson neither represents nor holds any interest adverse to the Debtor or its estate, except as stated in the Carmody Declaration, and its employment is in the best interest of the Debtor, its estate and its creditors and other parties-in-interest.

WHEREFORE, for these reasons, the Debtor respectfully requests that it be authorized to employ the law firm of Lange, Simpson, Robinson and Somerville, LLP under a general retainer to represent it as local counsel in this proceeding, and that it be granted such other and further relief as the Court deems proper.

Respectfully requested,

SHOOK & FLETCHER INSULATION CO.

By:


Wayne W. Killion, Jr., President and CEO

Dated: April 8, 2002

In re:)
)
)
SHOOK & FLETCHER INSULATION CO.)
)
)
Debtor-in-Possession.)
)

Case No. _____
Chapter 11

2. Shook & Fletcher Insulation Co. (“Shook” or the “Debtor”) filed its voluntary petition under Chapter 11 of the United States Bankruptcy Code on April 8, 2002 (the “Petition Date”). Shook is submitting its application (the “Application”) for authority to employ Lange, Simpson as its local bankruptcy counsel in this proceeding. I am making this declaration in

support of the Application, pursuant to Sections 327 and 329 of the Bankruptcy Code¹ and Bankruptcy Rules 2014, 2016 and 5002.

3. Except as is otherwise provided below, the facts set forth in this declaration are based upon my personal knowledge, upon records maintained by Lange, Simpson in the ordinary course of its business which have been reviewed by me and/or by other partners or employees of Lange, Simpson at my direction, or upon information known by other partners or employees of Lange, Simpson and conveyed to me.

Lange, Simpson's Qualifications and the Scope of Lange, Simpson's Retention

4. Lange, Simpson is a firm engaged in the general practice of law, with offices in Birmingham, Huntsville and Anniston, Alabama. Lange, Simpson's bankruptcy and restructuring lawyers have extensive experience representing clients involved in all aspects of Chapter 11 proceedings, as well as in non-judicial restructurings and work-outs.

5. Shook retained Lange, Simpson in January 2001 to discuss restructuring and later requested Lange, Simpson to assist its general counsel, Swidler Berlin Shereff Freedman, LLP ("Swidler"), in providing bankruptcy and restructuring advice in connection with Shook in connection with the preparation for and filing of a voluntary Chapter 11 petition. Lange, Simpson did not represent the Debtor as of January 2001, but may have handled some labor law matters several years prior to that date.

6. Since January 2001, Lange, Simpson has consulted from time to time with Swidler, the lead restructuring and bankruptcy counsel, concerning various bankruptcy issues.

¹ Unless otherwise defined in this Declaration, capitalized terms shall have the same meanings as in the Application and in the Declaration of Wayne W. Killion, Jr. in Support of Voluntary Petition and First Day Motions filed with this Court on the Petition Date.

7. In the course of performing these services over the past 16 months, Lange, Simpson has become knowledgeable about Shook and its business affairs, the prepetition settlement agreements and the Plan. I understand that Shook desires to continue to utilize the experience, expertise and existing knowledge of those Lange, Simpson's attorneys who have been involved in consulting with Swidler.

8. Shook has asked Lange, Simpson to render the following services as local counsel in connection with this Chapter 11 case:

- (a) to provide legal advice with respect to Shook's powers and duties in the operation of its business and management of its properties pursuant to the Bankruptcy Code;
- (b) to prepare and file on behalf of Shook all applications, motions, responses, objections and other pleadings as may be necessary and as Shook authorizes;
- (c) to prepare and file the necessary pleadings and seek confirmation of Shook's Plan of Reorganization;
- (d) to provide such other bankruptcy and restructuring advice and representation as Shook requests;
- (e) to appear on behalf of and represent Shook at hearings, meetings of creditors and other meetings and proceedings, as appropriate;
- (f) to represent and advise Shook with respect to any adversary proceeding, lawsuit or other proceeding in which it may be a party or otherwise become involved; and

(g) to perform all other legal services as may be necessary and appropriate in connection with this Chapter 11 Case and the confirmation and implementation of Shook's Plan of Reorganization.

Subject to the Court's approval of the Application, Lange, Simpson is willing to serve as Shook's local bankruptcy counsel and to perform the services described above.

Connections with Creditors and Other Parties in Interest

9. In preparing this declaration, I utilized a set of procedures established by Lange, Simpson to insure compliance with the requirements of the Bankruptcy Code and the Bankruptcy Rules. Lange, Simpson has taken various steps to determine whether any conflict of interest exists that would preclude Lange, Simpson's service as bankruptcy counsel. In connection with Lange, Simpson's proposed representation of Shook in this case, in January 2001, and again in April 2002, I directed that a memorandum be circulated to each attorney at Lange, Simpson. This memorandum, like similar memoranda which Lange, Simpson circulates throughout the firm before a new representation is undertaken, is intended to elicit, among other things, (i) whether Lange, Simpson already represents any other client in connection with the proposed new matter, (ii) whether Lange, Simpson already represents any other client in a capacity that may be adverse to the proposed client, or where the proposed representation might be adverse to the interests of such other client, and (iii) whether Lange, Simpson has any connections with the debtor, its creditors and other parties identified in the memorandum.

10. The April memorandum listed the following potential parties-in-interest (the "Identified Parties"), the names of which were provided to Lange, Simpson by the Debtor:²

(a) the Debtor and its affiliates, shareholders, directors, and executive officers;

² The Identified Parties are listed by name in Exhibit A to this Declaration.

- (b) the Debtor's secured lenders (SouthTrust, AmSouth and Supply);
- (c) the Debtor's twenty largest unsecured trade creditors, and its landlords, utility service providers and principal customers;
- (d) the Debtor's principal insurers;
- (e) attorneys and accountants (i) sought to be employed as professionals in this case; or (ii) identified to Lange, Simpson as representing material parties in interest, including the attorneys serving as members of the Unofficial Committee of Asbestos Claimants;
- (f) the parties which were signatories to the so-called "Wellington Agreement" and/or members of the CCR;³
- (g) the parties to Shook's pre-petition settlement agreements (other than individual asbestos claimants and their representatives); and
- (h) the Bankruptcy Administrator for the Northern District of Alabama.

11. I also instructed the employees responsible for maintaining Lange, Simpson's computerized databases of client matters to review such databases to determine whether Lange, Simpson has or had any significant connection with any of the Identified Parties. Once the database identified a potential connection between Lange, Simpson and an Identified Party, I or an attorney or legal assistant working under my supervision contacted the attorney(s) responsible for such other matter and elicited information to discern the nature and scope of the representation or connection for appropriate disclosure in this Declaration.

³ These parties generally also are facing asbestos-related claims or issued insurance policies which may provide coverage with respect to such claims.

12. Based upon the review of the computerized database described above and the resulting inquiries, and responses from individual attorneys elicited from the conflicts memorandum, I am advised of the following:

- (a) As described above, Lange, Simpson has represented the Debtor in bankruptcy matters since January 2001. Lange, Simpson has not represented and does not represent any of the Debtor's shareholders, directors, executive officers, affiliates, secured lenders or landlords, except that Lange, Simpson has from time to time represented AmSouth Bank on isolated litigation and lending matters.
- (b) Lange, Simpson checked against its database the name of the Debtor's twenty largest unsecured trade creditors as of March 31, 2002. Lange, Simpson does not now represent any of these twenty largest trade creditors. I am aware, however, that Johns Manville was at one time a client of the firm, however, Lange, Simpson has not actively represented Johns Manville in several years.
- (c) Lange, Simpson also checked against its database the names of Shook's utility service providers, including electric, gas and telecommunications service providers. Lange, Simpson has the following connection with the Debtor's utility service providers:
 - (1) In connection with certain matters, Lange, Simpson has represented
 - (i) Alabama Gas Corporation and certain of its affiliates and (ii)
 - Alabama Power Company.

- (2) Lange, Simpson represents generally BellSouth and BellSouth Mobility, Inc. and has previously represented BellSouth Communications.
 - (3) Lange, Simpson serves as bond counsel for the Decatur Utilities and the City of Decatur.
- (d) In addition, Lange, Simpson checked against its database the name of Shook's key customers, and determined that it has the following connections:
- (1) Lange, Simpson currently represents Pharmacia Corporation, successor of the original Monsanto and majority owner of the current Monsanto, in matters unrelated to Shook.
 - (2) Lange, Simpson represented Amoco Chemicals in asbestos litigation unrelated to Shook.
 - (3) Lange, Simpson represents Goodyear Tire & Rubber Company, Monsanto and Scott Paper Company in various asbestos cases.
- (e) Lange, Simpson also checked against its database the names of the Wellington Signatories and CCR Members, and has determined that it presently represents Dana Corporation in bankruptcy matters not related to Shook and that it represents several companies insured by Liberty Mutual Insurance Company in both asbestos and non-asbestos litigation.

With respect to the matters referred to in this paragraph, none of the services rendered by Lange, Simpson to such other parties has been in connection with the Debtor or this case.

Lange, Simpson will not represent the parties identified above, or any other creditor or party in interest, in connection with the Debtor or this case.

13. Lange, Simpson has previously represented St. Paul Fire and Marine Insurance Company, one of Shook's principal insurers, on unrelated matters.

14. Shook has received thousands of claims and demands from individuals asserting damages for bodily injury resulting from exposure to asbestos and asbestos-related products. Shook advises that it currently has over 60,000 such pending claims as well as over 20,000 such claims that have been settled by or on behalf of Shook but as to which Shook has not paid the full settlement amount. Lange, Simpson has not processed the names of these individuals or their counsel through our conflicts system database. Based upon my inquiries and the information available to me, however, I believe that Lange, Simpson does not represent any individual or group of individuals asserting claims for recovery of damages for bodily injury alleged to result from exposure to asbestos or asbestos-related products.

15. Shook is also seeking authority to employ, Lange Simpson to work with Swidler as bankruptcy co-counsel. Lange, Simpson will coordinate its efforts with Swidler to avoid duplication. In addition, to the extent Shook were to become adverse to any of Lange, Simpson's clients, Shook may look to Lange Simpson to represent it as bankruptcy counsel with respect to such matter(s). Moreover, should Shook become adverse to any of Swidler's clients, Shook may look to look to Lange, Simpson to represent it as bankruptcy counsel with respect to such matter(s). In this fashion, conflicts will be avoided, and Shook will be assured of bankruptcy representation and advice.

16. The Debtor has or may have other creditors and parties in interest, and Lange, Simpson may have rendered or may be rendering services to certain of such parties, or may have

been, may be or may become involved in matters unrelated to this case in which such parties, or attorneys or accountants for such creditors or parties in interest, were, are or become involved. Lange, Simpson may have or represent interests adverse to such creditors or parties in interest in matters unrelated to this case. Based upon the information currently available to me, I believe that no such matter involves representation of any interest adverse to the Debtor or its estate.

17. Lange, Simpson's partners and employees may have business associations with, professional or social relationships with, or interests aligned with or adverse to, creditors or parties in interest, or their attorneys or agents; as far as I have been able to ascertain, none of these associations or interests has any connection with the Debtor or this case. As part of its practice, Lange, Simpson appears in cases, proceedings and transactions in many jurisdictions, and works together with or adverse to many different parties, which may include creditors or parties in interest, or attorneys or accountants which may represent creditors or parties in interest, in these cases.

18. To the best of my knowledge, neither Lange, Simpson nor any attorney at the firm is or was:

- a. a creditor, an equity security holder or an insider of the Debtor;
- b. an investment banker for any security of the Debtor;
- c. within three years before the Petition Date, an investment banker for a security of the Debtor, or an attorney for such an investment banker in connection with the offer, sale or issuance of any security of the Debtor; or
- d. within two years before the Petition Date, a director, officer or employee of the Debtor or of an investment banker of the Debtor.

19. To the best of my knowledge, Lange, Simpson does not have an interest materially adverse to the interests of the estate or of any class of creditors or equity security holders, by reason of any direct or indirect relationship to, connection with, or interest in, the Debtor or an investment banker, or for any other reason.

20. To the best of my knowledge, no attorney at Lange, Simpson is related to any United States District Judge or United States Bankruptcy Judge for the Northern District of Alabama or to the Bankruptcy Administrator for such district or to any known employee in his office.

21. As far as I have been able to ascertain to date, based upon the due diligence described above, Lange, Simpson (a) is a disinterested person as that term is defined in 11 U.S.C. § 101(14); (b) does not hold or represent an interest adverse to the estate; and (c) except as set forth herein, has no connections with the Debtor, creditors, any other party in interest, their respective attorneys and accountants (to the extent identified to Lange, Simpson), the Bankruptcy Administrator for the Northern District of Alabama or anyone employed in his office.

Lange, Simpson's Compensation

22. In connection with its representation of the Debtor, prior to the filing of the Debtor's Chapter 11 case, Lange, Simpson previously received advance retainers from, and provided statements to the Debtor for, fees for services and reimbursement for charges and disbursements. According to Lange, Simpson's books and records, during the one year prior to the commencement of this case, the Debtor paid Lange, Simpson the aggregate sum of less than \$15,000.00 for services rendered and as reimbursement for charges and disbursements incurred on Shook's behalf.

23. Prior to the filing of the Chapter 11 case, and in contemplation thereof, the Debtor and Lange, Simpson entered into an engagement letter dated as of April 5, 2002 (the "Engagement Letter"), pursuant to which the Debtor engaged Lange, Simpson to represent it as local bankruptcy counsel in connection with this case. A copy of the Engagement Letter is attached hereto as Exhibit B.

24. In connection with the Engagement Letter, the Debtor paid to Lange, Simpson an advance retainer of \$10,000 (the "Retainer") for professional services to be rendered and expenses to be charged by Lange, Simpson in connection with its services as bankruptcy counsel in this case, subject to approval by the Court. Some of the retainer was used prepetition to pay for services rendered and expenses incurred prior to the filing of the petition. The balance will be held in trust to secure Lange, Simpson's post-petition fees and expenses. The exact amount of this security deposit will be disclosed in a Supplemental Declaration.

25. The Debtor has agreed that, to the extent that the legal fees, costs and charges of these bankruptcy services exceed the Retainer, it will pay Lange, Simpson its normal hourly rates charged to clients of the firm for legal services, and it will reimburse for costs and charges, subject to approval of the Court. Lange, Simpson's hourly rates for legal services provided by professionals range from \$220 to \$350 per hour for partners, \$130 to \$325 for other lawyers (including senior lawyers), and \$85 to \$110 for legal assistants. The current hourly rates for the principal attorneys whom I presently believe will be called upon to render services in connection with this case are: Richard P. Carmody (\$290), Joe A. Joseph (\$245) and Scott R. Haller (\$150). Such rates are subject to change periodically to reflect, among other things, increasing seniority within the firm. Lange, Simpson may assign different or additional attorneys to this matter

(including other bankruptcy or litigation attorneys), depending upon the needs of the Debtor and the case.

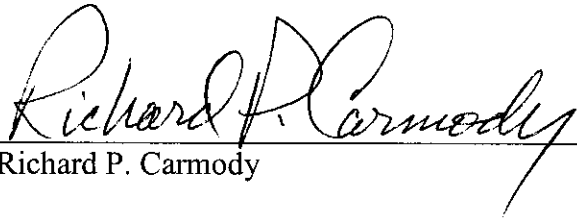
26. The hourly rates set forth above are Lange, Simpson's current, customary hourly rates for work of this nature. It is Lange, Simpson's policy to charge its clients for photocopying charges, travel expenses, computerized research, transcription costs, and non-ordinary overhead expenses such as secretarial and other overtime. Lange, Simpson intends to apply for compensation for professional services rendered in connection with the case on an hourly basis, and for reimbursement of expenses incurred, in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules and orders of this Court.

27. To the best of my knowledge, no promises have been received by Lange, Simpson nor any member or associate thereof as to payment or compensation in connection with the above-captioned case other than in accordance with applicable provisions of the Bankruptcy Code. To the best of my knowledge, Lange, Simpson has no agreement with any other entity to share with such entity any compensation received by Lange, Simpson in connection with the Debtor's bankruptcy case, except as permitted by Bankruptcy Rule 2016(b).

28. Lange, Simpson intends to periodically review its database during the pendency of this Chapter 11 case to ensure, to the extent reasonably possible, that no conflict or other disqualifying circumstance exists or arises. If any new relevant fact or relationship is discovered or arises, Lange, Simpson will use reasonable efforts to identify such further developments and will, as soon as reasonably practicable, file a supplemental declaration with the Court in accordance with Bankruptcy Rule 2014(a)

* * *

I declare under penalty of perjury that the foregoing is true and correct to the best of my knowledge, information and belief.


Richard P. Carmody

Executed on April 8, 2001

K:\SHOOFL\00005\DECLARATION.DOC 04/07/02 5:01 PM

EXHIBIT A

List of Individuals and Entities for Conflicts Review

**Shook & Fletcher Insulation Co.
Individuals and Entities for Conflicts Review
Updated as of April 4, 2002**

Debtor

Shook & Fletcher Insulation Co.

Affiliates of the Debtor

Shook & Fletcher Supply Co. of Alabama, Inc.
Sunbelt Insulation Company

Shareholders, Directors and Executive Officers of the Debtor

Wayne W. Killion, Sr., Shareholder and Sole Director
Wayne W. Killion, Jr., Shareholder, Chief Executive Officer and President
J. David Jackson, Executive Vice President

Proposed Professionals for the Debtor

Swidler Berlin Shereff Friedman, LLP (*Bankruptcy Counsel*)
Roger Frankel
Richard H. Wyron

Lange, Simpson, Robinson & Sommerville, LLP (*Bankruptcy Counsel*)
Richard P. Carmody
Joe A. Joseph

Gilbert Heintz & Randolph, LLP (*Insurance Counsel*)
Scott D. Gilbert
Craig Litherland
Bette M. Orr
Richard D. Shore

Porter, White & Company (*Financial Advisor*)
James H. White III
Dwight V. Percy

Moses, Phillips, Young, Brannon and Henninger, L.L.P. (*Accountants*)
G. Auston Young

Legal Representative and Counsel

R. Scott Williams, Esq., Haskell Slaughter Young & Rediker, L.L.C. (*Legal Representative*)
Robert M. Fishman, Esq., Shaw Gussis Fishman Glantz & Wolfson, LLC (*Counsel*)

Unofficial Committee of Asbestos Claimants

Bryan Blevins, Esq., Provost & Umphrey Law Firm, L.L.P.
James L. Ferraro, Esq., Kelly & Ferraro, LLP
David McCormick, Esq., Cumbest, Cumbest, Hunter & McCormick, P.A.
Joseph F. Rice, Esq., Ness Motley Loadholt Richardson & Poole, PC
Jeffrey Varas, Esq., Varas & Morgan

Claims Reviewer

Michael F. Rooney of MFR Consulting Services, Inc.

Center for Claims Resolution, Inc.

Lawrence Fitzpatrick, Executive Director

Counsel for CCR

William R. Hanlon, Esq. Shea & Gardner
Franklin D. Kramer, Esq., Shea & Gardner
Michael P. Richman, Esq., Mayer, Brown Rowe & Maw

Wellington Signatories and CCR Members

AcandS, Inc.
AmChem Products, Inc.
American Universal Insurance Group
Armstrong World Industries Group
Asbestos Claims Management Corporation
Bituminous Fire & Marine Ins. Co.
C.E. Thurston & Sons, Inc.
Carey Canada Inc.
The Celotex Corporation
CertainTeed Corporation
CIGNA Property and Casualty Insurance Cos.
Continental Insurance Co.
Crum & Forster Insurance Co.
Dana Corp.
Eagle-Picher Industries, Inc.
Employers Insurance of Wausau
Fibreboard Corp.
Fireman's Fund Insurance Cos.
Flexitallic Gasket Company, Inc.
The Flintkote Co.
Genstar Corp. (Genstar Roofing)
H.K. Porter Company, Inc.
Hopeman Brothers, Inc.
IU North America, Inc.
Keene Corporation
Liberty Mutual Insurance Co.
Maremont Corporation
National Gypsum Company
National Service Industries, Inc.
Nosroc Corp.
Nuclear Environmental Protection, Inc.
Nuturn Corp.
Owens-Corning
Owens-Illinois, Inc.
Pfizer, Inc.
Pittsburgh-Corning Corp.
Quigley Co., Inc.
Rock Wool Manufacturing Co.
Royal Insurance Co. of America
Thorpe Insulation Co.
Turner & Newall PLC
U.S. Gypsum
Unijax, Inc.
Union Carbide Agricultural Products Co., Inc.
Union Carbide Corporation
Zurich-American Insurance Cos.

Trustee of the Shook Payment Trust (Pre-Petition Trust)

Hasbrouck Haynes, Jr., CPA, of Haynes Downard Andra & Jones, LLP

Secured Lenders (in addition to Shook & Fletcher Supply)

SouthTrust Bank
AmSouth Bank of Alabama

Principal Insurers

Alabama Insurance Guaranty Association
Certain Underwriters at Lloyd's of London and London Market Insurance Companies
Continental Casualty Company
First State Insurance Company (Hartford)
Integrity Insurance Company
Mission Insurance Company
National Union Fire Insurance Company of Pittsburgh, PA
Ranger Insurance Company
Reliance Insurance Company
SAFECO Insurance Company of America
Safety National Casualty Corp.
St. Paul Fire & Marine Insurance Company
The Travelers Casualty and Surety Company (formerly Aetna Casualty & Surety Company)

Landlords

1998 Augustus Partners, L.P.
1998 Winston Management Company, LLC, General Partner
Robert F. Henry Tile Co.
Mobile Warehouse Co.
1605 Rentals, Inc., Agent for
Mullins Warehouses (Knoxville Assoc. Ltd.)
Fidelity Trust Company, Agent for
Shallowford Realty Group
Volunteer Leasing

Utilities

Alabama Gas Corporation
Alabama Power Company
AT&T
Atlanta Gas Light Co.
Bellsouth
Bellsouth Communication Systems
Bellsouth Mobility, Inc.
Decatur Utilities
Electric Power Board of Chattanooga
Gallatin Department of Electricity
Power Net Global Communications
Southern Linc
U.S. LEC Corp.

Principal Customers (listed on Shook & Fletcher's Website)

Alabama Power Company (also a Utility)
Alcoa
Amoco Chemicals
Bechtel Corporation
Florida Power & Light

Frank A. McBride Company
General Electric Company
Georgia Power Company
Goodyear Tire & Rubber Company
Monsanto
Reynolds Materials
Rust Engineers
Scott Paper Company
Tennessee Valley Authority
Texaco
Tompkins-Beckworth Industrial Contractors
Sargent & Lundy
Southern Company Services

Unions

Local 55 and Local 78 of the International Association of Heat and Frost Insulators & Asbestos Workers

20 Largest Unsecured Creditors (as of 03/31/02)

Vesuvius U.S.A.
Armacell LLC
Ametek
Knauf Fiber Glass GMBH
Thermal Ceramics
McGriff, Seibels & Williams, Inc.
Volunteer Metal Systems, Inc.
F & S Equipment & Sales
Lewco Specialty Products
Pabco Metals Corp.
Gen-Feab, Inc.
RPR Products
Foster Products Corporation
Childers Products Company
Johns Manville
Tri-State Insulators
McAllister Mills
Rock Wool Mfg. Co.
Airgas Safety

Additional Counsel for Parties-in-Interest

John P. Whittington, Esq., Bradley Arant Rose & White, LLP
Lloyd C. Peebles, III, Esq., Bradley Arant Rose & White, LLP
William J. Bowman, Esq., Hogan & Hartson, *counsel for Hartford*
W. Clark Watson and Eric T. Ray, Balch & Bingham, LLP, *counsel for Travelers*

Bankruptcy Administrator

J. Thomas Corbett, Esq., Bankruptcy Administrator,
United States Bankruptcy Court for the Northern District of Alabama

EXHIBIT B

Engagement Letter



LANGE, SIMPSON, ROBINSON & SOMERVILLE LLP

ATTORNEYS AND COUNSELORS

HUNTSVILLE OFFICE
200 West Court Square, Suite 101
Huntsville, Alabama 35891-3830
Telephone (256) 533-3300
Facsimile (256) 533-1100

2100 3rd Avenue North, Suite 1100
Birmingham, Alabama 35203-5367
Telephone (205) 250-5000
Facsimile (205) 250-5033
www.langesimpson.com

ANNISTON OFFICE
1000 Quintard Avenue, Suite 501
Anniston, Alabama 36201
Telephone (256) 236-1950
Facsimile (256) 236-1968

April 5, 2002

Dr. Wayne W. Killion, Jr.
President & Chief Executive Officer
Shook & Fletcher Insulation Co.
P. O. Box 7496
4625 Valleydale Road
Birmingham, AL 35253

Re: Engagement Letter - Lange, Simpson, Robinson & Somerville, LLP ("Firm")

Dear Dr. Killion:

We are pleased that you have asked Firm to serve as your local counsel. This letter will confirm our discussions regarding your engagement of us and will describe the basis on which we will provide legal services.

For all purposes of this representation, the client shall be Shook & Fletcher Insulation Co. (the "Corporation"). All duties and responsibilities created and imposed by this agreement shall be owed to the Corporation and not to any officer, agent, partnership, other corporation, trustee, employee or third party as individuals, unless expressly otherwise agreed, and then only after full and accurate disclosure to the court and other necessary parties.

You have contacted this firm with regard to engaging us to assist you in the financial restructuring of the Corporation using a Chapter 11 filing. We shall furnish advice regarding the effect of a Chapter 11 filing; assist with the filing for protection under Chapter 11; and represent the Corporation as local counsel during the course of the Chapter 11 proceeding.

Our representation of you in this matter is limited to legal matters only. We are not qualified to give advice on non-legal matters such as accounting matters, investment prospects or other business advice, and we suggest you obtain professionals in those fields if you wish advice in those areas.

In the course of our representation, we may be asked to give advice on numerous matters. Advice falls into two categories: (i) advice based on the general knowledge of law and experience of the attorney involved; and (ii) advice, referred to as an opinion, expressed in a formal way after conducting as much research as we feel necessary to assure that the advice is based on a sound factual basis and reflects the most recent legal authority in the field. The former should not be relied upon as the position of the Firm and does not provide the same level of assurance as the latter. An opinion is readily identifiable because it is signed in the name of the Firm and not in the name of any individual attorney.

We will at all times act on your behalf to the best of our ability. Any advice concerning the outcome of your legal matters are expressions of our best professional judgment, but they are not guarantees. Such advice is necessarily limited by our knowledge of the facts and is based upon the state of the law at the time it is expressed.

Fees for services will be based on a variety of relevant factors including, for example, time and effort involved, the experience of those providing the services, the complexity of the matter, and its size. Of these and other considerations, the time devoted on your behalf and the experience of those providing the services will be given the most weight.

Each attorney and paralegal will record time devoted to your matters at his or her hourly rate in effect for this matter. Currently, my hourly rate is \$290.00. My partner Joe Joseph's hourly rate is \$245.00. I anticipate that our bankruptcy associate, Scott Haller, whose rate is \$150.00, will be involved in this matter. Our hourly rates may be adjusted periodically and, when adjusted, those changes will be effective for all matters from and after the effective date. As a general rule, however, all increases take effect on January 1.

We will send monthly statements indicating attorneys' fees and costs incurred and their basis, any amounts applied from deposits, and any current balance owed. To continue to be "disinterested" we must be paid on a current basis each month and all costs incurred must be paid in full immediately prior to any bankruptcy filing.

It is our practice to require an initial deposit in connection with new bankruptcy matters. Regarding this matter, we propose retainer of \$10,000.00, to be received by us before the date of the filing of a petition. Upon receipt, this amount will be deposited in an interest-bearing trust account. After paying all pre-petition fees and charges, the balance to be held as security for any Chapter 11 administrative claim. Any interest earned on this deposit will be paid, as required by law, to the State Bar of Alabama. Upon written request, deposits of \$7,000.00 or more can be placed in a segregated interest-bearing account, you will receive the benefit of interest earned, and you will be required to report such interest as income for income tax purposes. Any unused deposit at the conclusion of our services will be returned to you.

We typically incur and pay on behalf of our clients a variety of out-of-pocket costs arising in connection with legal services. These costs include charges made by government agencies and service vendors as well as clerical charges. Whenever such costs are incurred, we

will carefully itemize and bill them. Typical of such costs are long-distance telephone charges, courier and express delivery charges, telecopy and telex charges, printing and reproduction costs, filing fees, deposition and transcript costs, witness fees, travel expenses, charges made by outside experts and consultants, including accountants, appraisers, and other legal counsel (unless arrangements for direct billing have been made), and computerized legal research expenses. We incur outside costs as your agent and incur internal expenses on behalf of our clients, who agree that these costs always will be paid on a regular basis. Outside costs will be billed to you in the amount of the third-party invoice. Internal expenses will be billed to you at our best estimate of our cost.

We have advised you that we represent BellSouth and its affiliates, Cingular Wireless, and several defendants in asbestos cases. These are unrelated matters, and the Corporation agrees that this representation will not create a conflict. We anticipate that your general bankruptcy counsel, Roger Frankel and Richard Wyrton, will represent you in any matters of direct conflict between you and these parties. Because of the specialized nature of its practice, from time to time the Firm may concurrently represent one client in a particular case and the adversary of that client in an unrelated case. Thus, for example, while representing the Corporation, the Firm may also represent a creditor of the Corporation in that creditor's capacity as a debtor or as a creditor of an entity which is not related to the Corporation. Please be assured that, despite any such concurrent representation, we strictly preserve all client confidences and zealously pursue the interests of each of our clients, including those circumstances in which we represent the adversary of an existing client in an unrelated case. The Corporation agrees that it does not consider such concurrent representation, in unrelated matters, of the Corporation and any adversary to be inappropriate and therefore waives any objections to any such present or future concurrent representation.

Several attorneys at the Firm have spouses, parents, children, siblings, fiances or fiancées who are attorneys at other law firms and companies. Those law firms and companies are: Balch & Bingham LLP, Bradley, Arant, Rose & White LLP, Maynard, Cooper & Gale, P.C., Johnston, Barton, Proctor & Powell, LLP, and Lehr, Middlebrooks, Price & Proctor. More specific information about the individual attorneys expected to render services on your behalf is available upon request. The Firm has strict policies against disclosing confidential information to anyone outside of the Firm, including spouses, parents, children, siblings, fiances and fiancées. None of these attorneys, except, possibly, John Grenier, will be involved in representing the Corporation. You agree that you do not consider our representation of you to be inappropriate in light of any of the relationships described above.

While confidential communications between a client and counsel are privileged, the Corporation should be aware that the filing of a bankruptcy case may severely impact upon this attorney-client privilege. Specifically, if a trustee is appointed in any bankruptcy case concerning a corporate debtor, the trustee will be able to obtain from us or any other counsel to the Corporation and disclose to others information communicated by the Corporation to counsel.

Dr. Wayne W. Killion, Jr.

April 5, 2002

Page 4

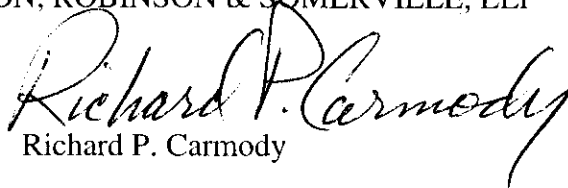
We will perform the legal services called for under this engagement, respond promptly to your inquiries and communications, and keep you informed of the status of your matters. It will be your responsibility to keep us apprised of the facts pertinent to our representation, review and comment to us concerning documents we prepare in the course of the engagement, and timely make payments required by this agreement.

The Corporation may discharge the Firm at any time. The Firm may withdraw at any time with the Corporation's consent or for good cause without the Corporation's consent. Good cause includes the Corporation's breach of this agreement, the Corporation's refusal or failure to cooperate with us, or any fact or circumstance that would render our continuing representation unlawful or unethical.

The Firm looks forward to undertaking your representation with regard to the matters herein set forth and by your execution below you hereby acknowledge your understanding and acceptance of our fee agreement.

Very truly yours,

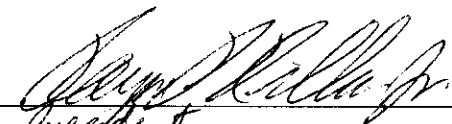
LANGE, SIMPSON, ROBINSON & SOMERVILLE, LLP


Richard P. Carmody

RPC/scm

Acknowledged and Agreed this 5th day of April, 2002.

SHOOK & FLETCHER INSULATION CO.

By: 
Its: President

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ALABAMA
Southern Division**

In re:

SHOOK & FLETCHER INSULATION CO.

Debtor-in-Possession

Case No. _____

Chapter 11

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 8th day of April, 2002, I caused a copy of the foregoing Application for Authority to Employ Lange Simpson Robinson & Somerville, LLP as Bankruptcy Counsel, Declaration of Richard P. Carmody in support thereof, and proposed Order to be served upon the parties on the attached Service List in the manner indicated.

